



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 5, 2014

The Honorable Shaun Donovan
Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20503

Dear Mr. Donovan:

We are respectfully submitting the fiscal year (FY) 2016 budget request for the Office of Inspector General (OIG) of the Railroad Retirement Board (RRB). This request was prepared in compliance with Office of Management and Budget (OMB) Circular No. A-11. In accordance with Section 7(f) of the Railroad Retirement Act, our request is being submitted concurrently to the Congress and OMB.

The OIG focuses its audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community. The OIG provides comprehensive oversight of all RRB operations and programs and is the exclusive provider of financial and internal audit services to the agency. The OIG also operates a nationwide investigative program to address allegations of fraud and employee misconduct.

We are requesting \$9,931,000 in fiscal year 2016 to continue our oversight of agency programs. This represents the amount needed to fund our requested staff level of 56 FTEs; to adequately fund required contracts, indirect costs, and other miscellaneous expenses; and to provide the necessary resources for the OIG to continue its efforts to perform fraud investigations, detect operational weaknesses, and identify internal control deficiencies in RRB benefit programs.

In compliance with OMB guidance provided on May 5, 2014, our budget submission also includes fiscal year 2016 budget levels of \$8,820,000 (two percent below the FY 2016 level in the President's FY 2015 budget) and \$9,450,000 (equal to a five percent increase above the fiscal year 2016 level in the President's FY 2015 budget).

Our current FY 2014 appropriation of \$8,272,000 is \$605,000 less than the President's proposed budget of \$8,877,000 for FY 2014. FY 2014 is the first year since FY 2010 that we received an increase in funding. Due to the uncertain budget environment and declining budgets, we postponed hiring replacements for staff attrition that has occurred since FY 2010. In fiscal years 2010 and 2011, we were able to maintain a staffing level of 53 FTEs. In FY 2014, we operated at a staffing level of 49 FTEs. Our FY 2014 FTE usage level is 7 FTEs below the 56 FTE staffing level that we believe would optimally fulfill our audit and investigative responsibilities.

We anticipate that funding the OIG at \$8,820,000 in fiscal year 2015 would require a hiring freeze and would limit funding for miscellaneous expenses, including travel, training, and equipment. A funding level of \$9,450,000 for the OIG in fiscal year 2016 would allow our staff level to increase to near our request level of 56 FTEs and would provide sufficient funding for miscellaneous expenses.

Without adequate funding, we would be limited in our ability to perform in all areas of the Inspector General's statutory mission and to provide independent oversight of agency operations. Mandated annual audit requirements would dominate our efforts, and our ability to perform additional audits and investigate allegations of fraud, waste, and abuse would be limited.

Adequate resources are vital to maintain our ability to effectively pursue investigations. Insufficient resources would adversely impact our ability to pursue investigations of fraud schemes targeting RRB programs or beneficiaries, thereby creating an incentive for those who would otherwise be deterred by more effective investigative and prosecutorial actions.

Continuing in FY 2014, the OIG has spent a significant amount of resources on a massive occupational disability fraud scheme involving retirees from the Long Island Railroad. To date, 35 individuals (including railroad retirees, doctors, and disability facilitators) have been indicted, 28 have pleaded guilty, and 5 have been convicted. Further indictments are anticipated. Criminal restitution and forfeiture ordered to date exceeds \$216 million. We expect that significant resources will continue to be needed for this case for the foreseeable future. .

This budget submission includes the OIG's Initial Performance Budget for fiscal year 2016, which provides actual performance data for fiscal years 2011 through 2013 and projected performance for fiscal years 2014 through 2016.

We are also requesting the following change to our oversight and enforcement authority:

- The OIG has identified the RRB's oversight of the National Railroad Retirement Investment Trust (NRRIT) as a serious management challenge for the agency. Effective in fiscal year 2013, federal agencies must comply with audit standard AU-C Section 600, which requires open communication and cooperation between the RRB OIG and its component auditor (NRRIT's auditor). Thus far, we have been unable to comply with AU-C Section 600 since the NRRIT and its auditor have failed to communicate, cooperate, or release audit documentation to the OIG. We request oversight and enforcement authority be granted to the OIG to conduct audits and investigations of the NRRIT, which held \$26.4 billion of RRB investments as of June 30, 2014.

This office will continue to efficiently use all available resources to improve agency program operations, reduce fraud against agency benefit programs, and help ensure the agency provides the highest level of service to its constituents.

Sincerely,

Original signed
Martin J. Dickman, Inspector General



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 5, 2014

The Honorable Joseph R. Biden, Jr.
President of the Senate
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20501

Dear Mr. President:

We are respectfully submitting the fiscal year (FY) 2016 budget request for the Office of Inspector General (OIG) of the Railroad Retirement Board (RRB). This request was prepared in compliance with Office of Management and Budget (OMB) Circular No. A-11. In accordance with Section 7(f) of the Railroad Retirement Act, our request is being submitted concurrently to the Congress and OMB.

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Martin J. Dickman, Inspector General



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 5, 2014

The Honorable John A. Boehner
Speaker of the House of Representatives
Office of the Speaker
United States Capitol
Washington, DC 20515-6501

Dear Mr. Speaker:

We are respectfully submitting the fiscal year (FY) 2016 budget request for the Office of Inspector General (OIG) of the Railroad Retirement Board (RRB). This request was prepared in compliance with Office of Management and Budget (OMB) Circular No. A-11. In accordance with Section 7(f) of the Railroad Retirement Act, our request is being submitted concurrently to the Congress and OMB.

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This budget submission includes the OIG's Initial Performance Budget for fiscal year 2016, which provides actual performance data for fiscal years 2011 through 2013 and projected performance for fiscal years 2014 through 2016.

We are also requesting the following change to our oversight and enforcement authority:

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This office will continue to efficiently use all available resources to improve agency program operations, reduce fraud against agency benefit programs, and help ensure the agency provides the highest level of service to its constituents.

Sincerely,

Original signed
Martin J. Dickman, Inspector General

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

FISCAL YEAR 2016 BUDGET SUBMISSION

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**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD**

**LIMITATION ON THE OFFICE OF INSPECTOR GENERAL
FISCAL YEAR 2016 BUDGET**

The Office of Inspector General (OIG) at the Railroad Retirement Board (RRB) is responsible for promoting economy, efficiency and effectiveness; and for identifying and preventing fraud, waste and abuse in agency programs.

The RRB administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families. In fiscal year (FY) 2013, the agency paid \$11.7 billion in retirement and survivor benefits to about 568,000 beneficiaries. The RRB also paid \$84.5 million in net unemployment and sickness insurance benefits. Almost 11,000 railroad workers received unemployment benefits and 16,000 received sickness insurance benefits.

The RRB contracts with a separate Medicare Part B carrier to process the Medicare Part B claims of qualified railroad retirement beneficiaries. As of September 30, 2013, there were about 460,000 railroad retirement beneficiaries enrolled in the Medicare Part B program. During FY 2013, the RRB's separate Part B carrier paid nearly \$846 million in benefits.

The OIG conducts audits, management reviews, inspections of RRB program operations, and provides recommendations for improvement to agency management. The OIG also identifies and investigates cases of waste, fraud and abuse in RRB programs, and makes referrals for prosecution and monetary recovery actions.

The OIG is requesting \$9,931,000 in FY 2016 to conduct its independent oversight of agency operations. At this level of funding, the OIG will have the resources it needs to continue its efforts to conduct fraud investigations, identify operational weaknesses, and detect internal control deficiencies in RRB benefit programs. The OIG will also continue its work with agency managers to ensure implementation of corrective actions.

This budget submission also includes an additional budget levels of \$8,820,000 (equal to 98 percent of the FY 2016 OMB budget level of \$9,000,000 in the FY 2015 budget) and \$9,450,000 (a five percent increase above OMB's FY 2016 budget level), in compliance with the Office of Management and Budget memorandum of May 5, 2014.

The FY 2016 Initial Performance Budget, including performance statistics at the FY 2016 budget levels, projected performance statistics for FY 2014 – FY 2015, and actual results for FY 2011 – FY 2013, is included in this budget document.

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD
Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

**Administrative Appropriation Request for Fiscal Year 2016
(in thousands of dollars)**

	<u>FY 2015 ADMINISTRATION PROPOSED LEVEL</u>	<u>2 PERCENT BELOW OMB LEVEL</u>	<u>FY 2016 5 PERCENT ABOVE OMB LEVEL</u>	<u>RRB-OIG REQUEST LEVEL</u>
Limitation on the Office of Inspector General	8,750	8,820	9,450	9,931
Full-time equivalent staff years (FTEs)	51	50	54	56

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD
Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

**FY 2016 Budget Request By Appropriation and Object Class
(in thousands of dollars)**

OMB OBJECT CLASS	FY 2014 CURRENT APPROPRIATION	FY 2015 PRESIDENT'S BUDGET	FY 2016				
			2 PERCENT BELOW OMB LEVEL	CHANGE	5 PERCENT ABOVE OMB LEVEL	CHANGE	RRB-OIG REQUEST LEVEL
PERSONNEL COMPENSATION:							
11.1 Full-Time Permanent	4,883	5,321	5,348	416	5,764	313	6,077
11.3 Other Than Full-Time Permanent	172	95	100	0	100	0	100
11.5 Other Personnel Compensation	106	110	110	0	110	0	110
11.9 Total Personnel Compensation	<u>5,161</u>	<u>5,526</u>	<u>5,558</u>	<u>416</u>	<u>5,974</u>	<u>313</u>	<u>6,287</u>
12.0 Personnel Benefits: Civilian	1,701	1,894	1,962	149	2,111	108	2,219
13.0 Benefits for Former Personnel	0	0	0	0	0	0	0
21.0 Travel and Transportation	370	380	380	10	390	10	400
23.0 Communications, Utilities and Rent	371	430	430	0	430	0	430
25.0 Other Services	413	385	355 <u>a/</u>	30	385 <u>a/</u>	25	410 <u>a/</u>
26.0 Supplies and Materials	45	60	60	0	60	0	60
31.0 Equipment	<u>211</u>	<u>75</u>	<u>75</u>	<u>25</u>	<u>100</u>	<u>25</u>	<u>125</u>
TOTAL OIG DIRECT OBLIGATIONS	<u>8,272</u>	<u>8,750</u>	<u>8,820</u>	<u>630</u>	<u>9,450</u>	<u>481</u>	<u>9,931 <u>b/</u></u>
REIMBURSABLE OBLIGATIONS	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>50</u>	<u>1,250</u>	<u>0</u>	<u>1,250</u>
TOTAL OIG OBLIGATIONS	<u>9,472</u>	<u>9,950</u>	<u>10,020</u>	<u>680</u>	<u>10,700</u>	<u>481</u>	<u>11,181</u>
OIG FUNDED FTE ALLOCATION	49 <u>c/</u>	51	50	4	54	2	56

a/ Includes \$65,000 for RRB-OIG training at the reduced level and \$70,000 at the five percent increase and RRB-OIG request levels. Also, includes 0.270% of the appropriation amount for support of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) in FY 2016.

b/ The RRB-OIG request level of \$9,931,000 for FY 2016 would allow the RRB-OIG to fund a staff level of 56 FTEs and provide additional funding for travel, equipment, and other miscellaneous expenses.

c/ Due to budget constraints and other funding requirements, the RRB-OIG funded 49 FTEs in FY 2014.

Salary and benefit estimates for fiscal years 2015 and 2016 reflect assumptions provided by the Office of Management and Budget for cost of living / locality increases of 1.0% in January 2015 and 1.0% in January 2016.

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD
Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

**Analysis of Resources
(in thousands of dollars)**

	FY 2014 CURRENT APPROPRIATION	FY 2015 PRESIDENT'S BUDGET	FY 2016		
			2 PERCENT BELOW OMB LEVEL	5 PERCENT ABOVE OMB LEVEL	RRB-OIG REQUEST LEVEL
Budget Authority.....	8,272	8,750	8,820	9,450	9,931
Outlays.....	8,272	8,750	8,820	9,450	9,931
Full-time equivalent employment (Work Years):					
Total Funded.....	49	51	50	54	56
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Budget Authority:					
Two percent below OMB level.....	8,820	8,820	8,820	8,820	8,820
Five percent above OMB level.....	9,450	9,450	9,450	9,450	9,450
RRB-OIG request level.....	*	*	*	*	*
Outlays:					
Two percent below OMB level.....	8,820	8,820	8,820	8,820	8,820
Five percent above OMB level.....	9,450	9,450	9,450	9,450	9,450
RRB-OIG request level.....	*	*	*	*	*

* Amounts for these years to be determined.

**OFFICE OF INSPECTOR GENERAL
RAILROAD RETIREMENT BOARD
Budget Account - Limitation on the Office of Inspector General
(60-8018-0-7-601)**

Full-Time Equivalent Staff By Grade

<u>PERSONNEL SERIES</u>	<u>GRADE LEVEL</u>	<u>FY 2014 CURRENT APPROPRIATION 1/</u>	<u>FY 2015 ADMINISTRATION PROPOSED LEVEL</u>	<u>FY 2016</u>		
				<u>2 PERCENT BELOW OMB LEVEL</u>	<u>5 PERCENT ABOVE OMB LEVEL</u>	<u>RRB-OIG REQUEST LEVEL</u>
Executive	IG	1	1	1	1	1
Senior Executive Service	SES	3	3	3	3	3
General Schedule	GS-15	2	2	2	2	2
	GS-14	8	8	8	8	8
	GS-13	19	20	19	20	21
	GS-12	9	10	10	10	11
	GS-11	3	3	3	5	5
	GS-10	0	0	0	0	0
	GS-09	2	2	2	3	3
	GS-08	0	0	0	0	0
	GS-07	2	2	2	2	2
	GS-06	0	0	0	0	0
	GS-05	0	0	0	0	0
	GS-04	0	0	0	0	0
TOTAL FTEs FUNDED		49	51	50	54	56

1/ The FTE total for FY 2014 reflects projected FTE usage. Due to budget constraints and other funding requirements, the RRB-OIG only funded 49 FTEs in FY 2014.

REQUESTED CHANGE IN OPERATIONAL AUTHORITY

Oversight of the National Railroad Retirement Investment Trust (NRRIT)

The NRRIT was established by the Railroad Retirement and Survivors' Improvement Act of 2001 (RRSIA) to manage and invest Railroad Retirement assets.

The value of the RRB's investment in the NRRIT increased from approximately \$23.6 billion as of September 30, 2012 to \$25.0 billion as of September 30, 2013. The Trust experienced a gain during the first three quarters of fiscal year 2014; the interim unaudited reports indicate an increase of its holdings at \$26.4 billion as of June 30, 2014.

In March 2008, the RRB Office of Inspector General published a statement expressing concern that the legislation that created the NRRIT as a non-governmental entity provided only for an annual audit of entity financial statements. The specific requirement for an annual financial audit lacked a provision for any other type of audit or oversight activity, which has been used as a mechanism to exclude the RRB OIG from conducting its audit and investigative responsibilities of the Trust. No other organization, public or private, has assumed what would otherwise be the OIG's oversight role.

Beginning in fiscal year 2013, auditors must comply with audit standard, AU-C 600, Special Considerations - Audits of Group Financial Statements Including the Work of Component Auditors. The standard, which established additional requirements applicable to the RRB-OIG and its component auditor (NRRIT's auditor), requires open communication and cooperation between the RRB-OIG and NRRIT's auditor and reasonable access to audit evidence supporting the NRRIT auditor's work. Due to the lack of oversight provisions within RRSIA, the NRRIT and its auditor have made no effort to comply with the requirements to communicate, cooperate or release audit documentation to the RRB-OIG, preventing the RRB-OIG from complying with AU-C 600 and limiting audit and investigative oversight. .

The OIG respectfully requests oversight and enforcement authority to conduct audits and investigations of the NRRIT and the legal authority necessary to collaborate with and access the financial statement audit work of the NRRIT's auditor.

The Office of Inspector General conducts its operations through two major components: the Office of Audit and the Office of Investigations. A discussion of the priority areas in FY 2016 for audit and investigative activities follows.

OFFICE OF AUDIT

The mission of the Office of Audit (OA) is to (1) promote economy, efficiency, and effectiveness in the administration of RRB programs, and (2) detect and prevent fraud and abuse in such programs. Through the Inspector General, OA keeps the Board Members and the Congress informed of current and potential problems and deficiencies in RRB operations and the status of progress towards corrective action.

During FY 2016, OA will focus on areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste and abuse. In FY 2016, OA will continue its emphasis on long-term systemic problems and solutions, and will address major issues that affect the RRB's service to rail beneficiaries and their families. OA has identified four broad areas of potential audit coverage:

- Financial Accountability
- RRA & RUIA Benefit Program Operations
- Railroad Medicare Program Operations
- Security, Privacy, and Information Management

During FY 2016, OA must accomplish the following mandated activities with its own staff:

- Audit of the RRB's Financial Statements pursuant to the requirements of the Accountability of Tax Dollars Act of 2002; and
- Evaluation of Information Security pursuant to the Federal Information Security Management Act of 2002 (FISMA).
- Evaluation of the RRB's compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012.

During FY 2016, OA will complete the audit of the RRB's FY 2015 financial statements and begin its audit of the agency's FY 2016 financial statements. OA contracts with a consulting actuary for technical assistance in auditing the RRB's

“Statement of Social Insurance” which became a required financial statement in FY 2006.

In addition to performing the annual evaluation of information security, OA also conducts audits of individual computer application systems, which are required to support the annual FISMA evaluation. OA’s work in this area is targeted toward the identification and elimination of security deficiencies and system vulnerabilities, including controls over sensitive personally identifiable information.

OA undertakes additional projects with the objective of allocating available audit resources to areas in which they will have the greatest value. In making that determination, OA considers staff availability, current trends in management, and congressional and Presidential concerns.

As discussed previously, this office seeks authority to conduct oversight of the NRRIT. The law that created the NRRIT does not specify or define any requirement for oversight by the RRB that would identify circumstances requiring enforcement action by RRB management, other than an annual audit of the Trust’s financial statements. That annual audit is conducted by Independent Public Accountants retained by NRRIT management. Accordingly, the OIG cannot provide oversight to the NRRIT. In connection with its audit of the RRB’s financial statements, OA works with agency management to ensure that the RRB meets its financial reporting responsibilities for assets held and invested by the NRRIT. However, OA does not have authority to collaborate with and access the financial statement audit work of the NRRIT’s auditor.

OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) focuses its efforts on identifying, investigating and presenting cases for prosecution, throughout the United States, concerning fraud in RRB benefit programs. OI conducts investigations relating to the fraudulent receipt of RRB sickness, unemployment, disability or retirement benefits. OI also investigates railroad employers and unions when there is an indication that they have submitted false reports to the RRB. Investigative efforts can result in criminal convictions, civil penalties, and administrative recovery of program benefit funds. OI initiates cases based on information from a variety of sources. For example, the RRB conducts computer matching of wage information reported to state governments to beneficiary information. Referrals are made to OI if a match is found. OI also receives allegations of fraud through the OIG Hotline, contacts with state,

local and Federal agencies, and information developed through audits conducted by the OIG's Office of Audit.

OI's investigative results for the first 11 months of FY 2014 are:

Civil Judgments	Indictments/ Informations	Convictions	Restitution/ Judgments
14	29	81	\$307,383,382 ^a

OI anticipates an ongoing caseload of approximately 400 investigations in FY 2016. During the first 11 months of FY 2014, OI opened 153 new cases and closed 207. At present, OI has cases open in 48 states, the District of Columbia and Canada, with estimated fraud losses totaling more than \$402,712,513.

During FY 2014, OI has continued to investigate referrals related to the RRB's unemployment program. One of the provisions of the American Recovery and Reinvestment Act of 2009 provided for extended unemployment benefits for workers, including those working in the railroad industry. These extended benefits have resulted in an escalation of fraud losses associated with this program and, as a result, the number of referrals that meets the OI criteria for accepting cases has gone up significantly.

OI will concentrate its resources on cases with the highest fraud losses that usually involve cases related to the RRB's disability and Medicare programs. Disability fraud cases currently constitute approximately 51% of OI's total caseload. These cases involve more complicated schemes and result in the recovery of substantial funds for the agency's trust funds. OI will continue to dedicate considerable time and resources in the investigation of schemes nationwide to defraud the RRB disability program. These cases require substantial resources for travel by special agents to conduct surveillance, or more sophisticated investigative techniques and numerous witness interviews. The schemes are often complex and, in some cases, include conspiratorial involvement by attorneys. The cases also require very

^a The total amount of financial accomplishments reflect fraud amounts related to programs administered exclusively by the RRB and fraud amounts from other Federal Programs such as Medicare or Social Security, which were included in the disposition resulting from the investigation.

sophisticated financial analysis, since the schemes are often cloaked in what could appear to be legitimate business practices.

During FY 2014, the OIG spent a significant amount of resources on a massive occupational disability fraud scheme involving retirees from the Long Island Railroad. To date 35 individuals (including railroad retirees, doctors, and disability facilitators) have been indicted, with further indictments anticipated. Out of these 35 individuals, 28 have pleaded guilty and 5 have been convicted. Criminal restitution and forfeiture ordered to date exceeds \$216 million.

OI will continue to investigate fraud violations of railroad employees collecting unemployment or sickness insurance benefits while working and receiving wages from an employer. OI will also investigate retirement fraud which typically involves the theft and fraudulent cashing of U.S. Treasury checks or the withdrawal of electronically deposited RRB benefits. OI will also use the Department of Justice's Affirmative Civil Enforcement Program to recover trust fund monies from cases that do not meet U.S. Attorney's guidelines for criminal prosecution.

In FY 2016, OI will continue to coordinate its efforts with agency program managers to address vulnerabilities in benefit programs that allow fraudulent activity to occur and will recommend changes to ensure program integrity. OI plans to continue proactive projects to identify fraud matters that are not detected through the agency's program policing mechanisms. Findings will be conveyed to agency management through OIG systemic implication reports (OIG Alerts) to notify officials of operational weaknesses that may result in fraud against RRB programs. OI will continue to work with RRB program managers to ensure the appropriate and timely referral of all fraud matters to the OIG. OI will also investigate complaints involving administrative irregularities and any alleged misconduct by agency employees.

Conclusion

In FY 2016, the OIG will continue to focus its resources on the review and improvement of RRB operations and will conduct activities to ensure the integrity of the agency trust funds. This office will continue to work with agency officials to ensure the RRB is providing quality service to railroad workers and their families. The OIG will also aggressively pursue all individuals who engage in activities to fraudulently receive RRB funds.

RAILROAD RETIREMENT BOARD
OFFICE OF INSPECTOR GENERAL

FISCAL 2016 PERFORMANCE BUDGET

The audit and investigative programs of the Office of Inspector General (OIG) are dedicated to protecting the integrity of the Railroad Retirement Board's trust funds and improving the delivery of benefits to the railroad community. The OIG has developed the Fiscal Year 2016 Initial Performance Budget to support our mission by establishing performance measures for our strategic goals.

The OIG is aware that external factors may significantly affect planned activities and the allocation of resources during any given fiscal year. New legislative mandates may necessitate the delay of scheduled projects to ensure that we meet new statutory requirements.

MISSION STATEMENT

The OIG will promote economy, efficiency, and effectiveness in the RRB's programs and operations by focusing our audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community.

VISION STATEMENT

The OIG employs a skilled and professional workforce dedicated to the goals and mission of the Office. The OIG will:

- conduct audits/evaluations, management reviews, and inspections of the RRB's programs and operations;
- provide recommendations for improvement to RRB management;
- prevent and detect fraud, waste, and abuse in the RRB's programs and operations;
- review and make recommendations regarding existing and proposed legislation and regulations relating to the RRB's programs and operations; and
- inform RRB Board Members and the Congress of problems in the RRB's programs and operations.

STRATEGIC GOALS

This plan establishes three strategic goals:

1. Add value to the RRB's programs and operations.
2. Protect the integrity of the RRB's programs, operations, and trust funds.
3. Ensure quality and excellence in the OIG's work and products.

The first goal addresses our independent oversight of the RRB's programs and operations. In support of this goal, we evaluate agency program functions, assess program efficiency, and advise management regarding necessary actions to improve agency performance.

The second goal involves compliance reviews and enforcement activities to identify systemic weaknesses in the RRB's programs and operations. Our objective is to reduce the potential for waste, fraud, and abuse in the RRB's programs and operations and to create a deterrent for future fraudulent activities.

The third goal focuses on the OIG's internal operations. We will identify ways to streamline audits and investigations by utilizing new technologies, providing staff training, and improving planning processes.

Goal 1 – Add value to the RRB's programs and operations.

The OIG's products and services are used by the RRB, the Congress, and other interested parties to improve the efficiency, effectiveness, and integrity of the RRB's programs and operations.

We will achieve this goal by:

- Focusing the OIG's work on major RRB programs and operations. Major areas include the annual financial statement audit, information systems and security, improper payments, and e-Government initiatives. We will review operating performance in both program and administrative functions to ensure that agency activities promote efficiency and minimize the potential for fraud, waste, and abuse.
- Providing accurate, objective, and timely information to the RRB, the Congress, and other interested parties.
- Promoting actions on the OIG's recommendations.

Goal 2 – Protect the integrity of the agency’s programs, operations, and trust funds.

This goal addresses the third element of the OIG’s vision, to prevent and detect fraud and abuse in the RRB’s programs and operations. To achieve this goal, we review and investigate allegations of fraud that are referred to our office through a variety of internal and external sources. We develop proactive strategies to identify systemic fraud and abuse and make recommendations to address the causes. Based on the recommendations issued by this office, the agency has the responsibility to establish the necessary controls in its programs and operations.

We will achieve this goal by:

- Analyzing RRB programs and operations to identify those that are most susceptible to fraud and abuse and those programs for which the agency’s policing mechanisms are ineffective. We will continue to develop traditional information sources, both within and outside the agency, that provide information concerning allegations of fraud and abuse.
- Taking timely actions in response to allegations of fraud and abuse. We will take a proactive approach to developing electronic information sources and methodologies that will allow us to conduct our investigations and analysis in the most efficient manner. We will provide the necessary support for prosecutors to conduct appropriate criminal or civil actions to address allegations of fraud or abuse.
- Providing all interested parties, i.e., prosecutors, agency officials, the Congress, and others as warranted, with complete, accurate, and timely reports concerning the results of our audit and investigative activities. We will alert agency officials and the Congress regarding significant issues that will impact agency programs and operations. We will encourage publication of judicial results by prosecutors to strengthen the deterrent effect of those actions.
- Conducting timely follow-up actions to ensure the agency addresses our systemic issue recommendations.
- Monitoring progress for all matters referred for judicial action.

Goal 3 – Ensure quality and excellence in the OIG’s work and products.

To carry out its mission in a competent and efficient manner, the OIG must have a skilled and motivated work force. All staff members must have the knowledge and skills required to perform their duties. The OIG’s management will support its staff by providing the means to carry out the mission of the Office and implementing a comprehensive quality assurance program.

We will achieve this goal by:

- Focusing on recruitment and retention of a professional staff that is highly skilled and appropriately developed.
- Ensuring that the staff is fully supported with the necessary tools, services, and direction to carry out their oversight duties effectively and efficiently.
- Implementing a comprehensive quality assurance program that ensures compliance with OIG policies and procedures; the Council of the Inspectors General on Integrity and Efficiency quality standards for Federal Offices of Inspector General; and other requirements.

PERFORMANCE BUDGET

The Initial Performance Budget for FY 2016 provides performance indicators consistent with our strategic goals. Actual performance is provided in the following exhibit for fiscal years 2011 through 2013. Performance for fiscal year 2014 reflects the level of resources provided by the Consolidated Appropriations Act, 2014, and fiscal year 2015 performance reflects the President’s proposed budget level of \$8,750,000.

Performance data for FY 2016 reflects funding at two percent below the FY 2016 OMB budget level (\$8,820,000), at five percent above the OMB level (\$9,450,000), and at the RRB-OIG budget request level of \$9,931,000.

Railroad Retirement Board Office of Inspector General FY 2016 Initial Performance Budget	<u>FY 2011</u> Actual (\$8.170M)	<u>FY 2012</u> Actual (\$8.155M)	<u>FY 2013</u> Actual (\$7.974M)	<u>FY 2014</u> Estimate (\$8.272M)	<u>FY 2015</u> Request Level (\$8.750M)	<u>FY 2016</u> Equal to 98% of the OMB Level (\$8.820M)	<u>FY 2016</u> Five percent increase above the OMB Level (\$9.450M)	<u>FY 2016</u> RRB-OIG Request Level (\$9.931M)
Strategic Goal I: Add value to the RRB's programs and operations.								
The OIG will solicit suggestions for audits and reviews for the annual audit work plan from 100% of the agency's organizational components.	100%	100%	100%	100%	100%	100%	100%	100%
Seventy-five percent of audit reports will be issued within 240 days.	62%	50%	64%	65%	70%	70%	72%	75%
Agency management agrees with 80% of recommendations made in audit, evaluation, and inspection reports.	92%	93%	86%	80%	80%	80%	80%	80%
Reports on the progress of corrective actions for audit recommendations will be issued to the RRB Chairman within 35 days of the six month reporting period.	35 days	35 days	35 days	35 days	35 days	35 days	35 days	35 days
The OIG will file 100% of reports on time.	100%	100%	100%	100%	100%	100%	100%	100%
The OIG will acknowledge 100% of requests for information within three working days.	100%	100%	100%	100%	100%	100%	100%	100%
Strategic Goal II: Protect the integrity of the RRB's programs, operations, and trust funds.								
Percentage of allegations evaluated and submitted for disposition within 30 days of receipt.	70%	87%	80%	91%	80%	80%	90%	95%
Percentage of investigative cases closed during a fiscal year which resulted in a successful action, i.e., criminal indictment, criminal conviction, civil judgment or settlement, administrative action, or monetary recovery	32%	35%	30%					

Railroad Retirement Board Office of Inspector General FY 2016 Initial Performance Budget	<u>FY 2011</u> Actual (\$8.170M)	<u>FY 2012</u> Actual (\$8.155M)	<u>FY 2013</u> Actual (\$7.974M)	<u>FY 2014</u> Estimate (\$8.272M)	<u>FY 2015</u> Request Level (\$8.750M)	<u>FY 2016</u> Equal to 98% of the OMB Level (\$8.820M)	<u>FY 2016</u> Five percent increase above the OMB Level (\$9.450M)	<u>FY 2016</u> RRB-OIG Request Level (\$9.931M)
Percentage of investigative cases closed, or in judicial process, during a fiscal year which resulted in a successful action, i.e., criminal indictment, criminal conviction, civil judgment or settlement, administrative action, or monetary recovery.				60%	33%	30%	34%	36%
Percentage of responses to completed case surveys indicating an evaluation of full satisfaction or higher regarding OIG investigative products.	100%	100%	100%					
The OIG will complete 4 projects to identify fraud cases that are not detected through agency policing procedures.	7	7	4	5	4	4	6	7
Strategic Goal III: Ensure quality and excellence in the OIG's work and products.								
Percentage of employees meeting the training requirements of their profession.	97%	97%	95%	90%	90%	90%	90%	90%
All auditors hold the appropriate credentials to satisfy government, PCIE and applicable standards.	100%	100%	100%	100%	100%	100%	100%	100%
All auditors will receive 80 hours of continuing professional education over 2 years.	100%	100%	100%	100%	100%	100%	100%	100%
Eighty percent of audits, evaluations, and inspections are subjected to an internal quality assurance review.	100%	100%	100%	100%	100%	100%	100%	100%